

DEPARTMENT OF THE AIR FORCE
WASHINGTON

OFFICE OF THE UNDER SECRETARY

7 JUL 1965

MEMORANDUM FOR GENERAL LEDFORD
COLONEL GEARY

SUBJECT: Future Needs for U-2 Aircraft

Your memorandum of 21 June 65 on this subject reflects a comprehensive consideration of present and potential uses. I agree that we are now in a position to seriously consider the details of a new procurement.

Accordingly, I would like to have your recommendations on alternatives for a new production buy, to be submitted in two phases:

Due by 20 July 65:

1. The yearly number of aircraft recommended for procurement thru FY 1971, distinguishing between Agency and SAC, on two bases: (a) solely replacing anticipated attrition from 1 July 1965, and (b) replacing attrition, but also increasing the inventory to an optimum level; Submit monthly production schedules on both bases, assuming a 1 Sept 65 go-ahead on procurement.
2. Minimum economic production quantities per year (previously indicated to be 4 or 6), and impact on unit costs of minimum economic production vs. recommended production, if different. This and the production schedules should also consider the impact of potential other customers, such as NASA.
3. What specific improvements and increased capabilities, compared with present inventory aircraft, would be provided by the new aircraft. If alternative improvement components for the new aircraft are possible (such as a new engine vs. J75's), state the unit costs for each and the pro and con reasons for proceeding one way or another.
4. Against the present inventory, and the inventory plus new procurement alternatives, submit anticipated attrition and end fiscal year inventories from FY66 thru 71 under each consideration, distinguishing between Agency and SAC aircraft.

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5. Development and procurement costs by each of fiscal years 1966 thru 1971 under each optional consideration (minimum economic production, replacement of attrition, inventory buildup).

Due by 1 August 65:

1. Against the present inventory, recognizing anticipated attrition and assignment between Agency and SAC in accordance with my 10 June memo, furnish detailed Idealist and Dragon Lady "operating" costs chargeable to the NRP by fiscal year thru 1971. Specifically identify major modification or improvement proposals and costs.
2. Against the new procurement options, furnish detailed Idealist and Dragon Lady costs by fiscal year thru 1971, and impact on costs developed under the preceding paragraph. This is to include not only development and procurement, but the operating costs chargeable to the NRO as well. For FY1966/1967, in each instance furnish three sets of costs--one on the basis of FY1966 on an expenditure basis, reverting to full obligational funding in FY1967; the second on the basis of contractor commitment costs, going to full obligational funding in FY1967; and the third on the basis of full funding in FY1966 and 1967.
3. Specific comparisons of competitive cost effectiveness you refer to in paragraph 6 of your memorandum. It would seem that if we can clearly identify mission areas in which the U-2 is superior from a cost-effectiveness standpoint, we will be in a better position to obtain approval for new production.



BROCKWAY McMILLAN
Director
National Reconnaissance Office

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